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INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC  
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RHEBAAA/DEPT OF ENERGY WASHINGTON DC  
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SUBJECT: WHO ARE MEXICO'S MONOPOLISTS?

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Summary  
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¶1. (SBU) Bank of Mexico and likely incoming Mexican government officials in recent weeks have stressed the importance of opening key sectors of the economy to more competition, but have been hesitant to publicly name the "offending" companies. This telegram spells out which sectors are dominated by only a few powerful firms, who is in charge of these companies, and how much of the market the companies control. End Summary.

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Summit Participants Highlight Need for Competition  
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¶2. (SBU) At the Monterrey Business Summit on October 30, 2006, Bank of Mexico (BOM) Governor Guillermo Ortiz and other participants (business representatives, academics, President-elect Felipe Calderon transition team members, etc.) underscored the importance of more competition in key sectors such as telecommunications, transportation, construction, and financial services. Ortiz stressed that macroeconomic and financial stability is an important "theme" in the Mexican economy, one that has been largely achieved. He said that another key theme is competition. He emphasized the importance of focusing on monopolies and how they hinder economic growth and competition by keeping prices high. Professor and political commentator Denise Dresser made similar points at the Summit the day before, and received applause for her comments. Numerous participants focused on the need to challenge monopolies and the excessive costs they produce. That said, no one at the Business Summit would name specific companies or people (Carlos Slim, etc.). When pressed by a questioner to name a Mexican company that needs to open up to competition, Mexican Institute for Competitiveness head Roberto Newell would only name Coca Cola and Wal-Mart, to the nervous laughter of the audience.

¶3. (SBU) To facilitate USG understanding of what analysts are referring to when they talk about Mexican industries and sectors where competition is absent or severely restricted, Post is providing the following list (alphabetical listing by sector).

## Airlines

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### Aeromexico

CEO: Andres Conesa  
Market share: 39.7%

### Mexicana

CEO: Gaston Azcarraga  
Market share: 36%

(Note: The introduction of low-cost airlines is expected to increase competition in the domestic market. End Note.)

## Beer

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### Grupo Modelo

Chairman and CEO: Carlos Fernandez Gonzalez  
Market share: 65.2%

### Cerveceria Cuauhtemoc Moctezuma

Chairman: Jose Antonio Fernandez Carbajal  
Market share: 43%

## Bottling

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### Coca-Cola FEMSA

Chairman: Jose Antonio Fernandez Carbajal  
DG: Carlos Salazar  
Market share: 70%

## Pepsico

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### CEO and DG: Oscar Cazares

Market share: 15%

## Bread

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### Bimbo

Chairman of the Board: Roberto Servitje Sendra  
DG: Daniel Servitje  
Market share: 67.8%

## Broadcasting

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### Televisa

Chairman and CEO: Emilio Azcarraga Jean  
Market share: 56% of Mexico's TV stations

### TV Azteca

Chairman and CEO: Ricardo Salinas Pliego  
Market share: 38% of Mexico's TV stations

### Cablevision (owned by Televisa)

Chairman of the Board: Emilio Azcarraga Jean  
DG: Juan Paul Broc  
Market share: majority of market for cable TV

### Sky (owned by Televisa)

Chairman of the Board: Emilio Azcarraga Jean  
DG: Alexandre Moreira  
Market share: majority of market for satellite TV

## Cement

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### Cemex

Chairman and CEO: Lorenzo Zambrano  
Market share: 87.6%

Holcim Apasco  
DG: Pierre Froidevaux  
Market share: 12.4%

## Energy

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Pemex  
DG: Luis Ramirez Corzo

Federal Electricity Comisn (CFE)  
DG: Alfredo Elias Ayub

Luz y Fuerza del Centro (LyFC)  
DG: Luis de Pablo Serna

## Financial Services

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BBVA Bancomer (Spain), Banamex Citigroup (U.S.), Santander  
Serfin (Spain), Banorte (Mexico), HSBC (UK), and  
Scotiabank-Inverlat (Canada) have over 90% of the market.

(Note: Mexico's Federal Competition Commission is  
investigating banks and pension fund operators to see why  
their commissions are so high, and if they are involved in  
anti-competitive practices. The results of this  
investigation are supposed to be released around March  
12007. A number of companies, including Wal-Mart, have  
filed for licenses to enter the financial services market  
in Mexico. End Note.)

## Glass

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Vitro  
Chairman and CEO: Adrian Sada Gonzalez  
DG: Federico Sada  
Market share: 73.8%

## Hospitals

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Grupo Angeles  
Chairman: Olegario Vazquez Aldir  
Market share: 67%

## Mining

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Penoles  
Chairman: Alberto Bailleres  
DG: Jaime Lomelin  
Market share: 52% of gold, 97% of silver, and 90% of sodium  
sulfate

Grupo Mexico  
Chairman and CEO: German Larrea  
Market share: 88% of copper

## Railroads

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Ferromex  
DG: John Kelly Joseph  
Market share: 58%

Ferrosur (owned by Carlos Slim's Empresa Frisco)  
DG: Daniel Torres  
Market share: 15%

Kansas City Southern  
Chairman: Michael Harverty  
Market share: 27%

## Telecommunications

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Telmex (owned by Carlos Slim's Grupo Carso)  
Chairman of the Board: Jaime Chico Pardo  
DG: Hector Slim Seade  
Market share: 95% of landlines

Telcel (Radiomovil Dipsa/America Movil)  
(owned by Carlos Slim's Grupo Carso)  
Chairman of the Board: Carlos Slim Helu  
DG: Daniel Hajj Aboumrads  
Market share: 80% of cellular service

## Tortillas

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Gruma-Grupo Maseca  
Chairman and CEO: Roberto Gonzalez Barrera  
Market share: 73%

Minsa  
Chairman: Juan Jaime Petersen  
DG: Jose Cacho Ribeiro  
Market share: 15%

## Comment

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[14](#). (SBU) For some time now, Bank of Mexico Governor Ortiz has been a key voice in calling for the elimination of monopolies. He is a key spokesperson on this issue because of his high profile and because he is not directly connected with vested interest groups -- unlike some members of the GOM Executive branch. Mexico has made notable progress in promoting competition over the past year (e.g. passage of a competition law), but it has a long way to go. Making further headway in this area will require significant political will, as it entails incoming government officials taking on powerful unions and, in some cases, the people who financed their campaigns. End Comment.

BASSETT